MR. A. LEKSHMINARAYANA AIYAR: I second it.

The motion was put and carried. The Bill was referred to the Select Committee.

THE VILLAGE PANCHAYAT COURTS ACT (AMENDMENT) BILL.

MR. PUTHUPALLI S. KRISHNA PILLAI: I rise to introduce the Panchayat Courts Act (Amendment) Bill and beg to move that the Bill be read in the Assembly. I have already explained the need for such a bill in connection with the other Bill just now referred to a select committee. This is only a consequential amendment arising from the introduction of the other Bill. I move that the Bill be read in the Assembly.

The question that the Bill be read in the Assembly was put and carried.

The Secretary read the title of the Bill.

"THE TRAVANCORE VILLAGE PANCHAYAT COURTS ACT (AMENDMENT) BILL.

MR. PUTHUPALLI S. KRISHNA PILLAI: I beg to move that the Bill may be referred to the Select Committee composed of the same members as on the previous Bill.

MR. A. LEKSHMINARAYANA AIYAR: I second it.

The motion was put and carried. The Bill was referred to the Select Committee.

THE TRAVANCORE INCOME TAX (AMENDMENT) BILL.

MR. PUTHUPALLI S. KRISHNA PILLAI: Sir I rise to introduce the Travancore Income Tax (Amendment) Bill and beg to move that the Bill be read in the Assembly. It is one of the shortest bills ever placed before this House. From the statement of objects and reasons the honourable members may think that I have taken very great pains to explain such a short bill. At present income from agricultural operations on land is altogether free from income tax irrespective of whether such land has been assessed or not to Sircar tax. In British India agricultural income is exempt from income tax only if it arises from land assessed to Government revenue. One reason why such exemption is made is due to the fact that land tax is based on the income from such land. In one sense therefore the income from such lands is assessed to tax and it may be double tax if a further levy is made under the Income Tax Act. Such a plea cannot be available in respect of land on which no land tax is levied. It is the duty of every person to contribute something to the general revenues of the State for the protection the State affords him. It ought not to be understood that the income from

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. Puthupalli S. Krishna Pillai]

land is sacred and therefore should not be made assessable to tax merely because it arises from the cultivation of land. Some people seem to be under the impression that income arising from land is very sacred because Travancore is an agricultural country and that no man should be taxed on income from his land.

There are already large extensive tracts of land in Travancore that are being cultivated and made to yield large incomes but in respect of which no tax is paid to Government by such land owners. Honourable members do know very well that an ordinary cultivator of Pandarapattom lands has to contribute at least a small fraction of his income to the general revenues of the State. A man who owns five cents of Pandarapattam land at least gives four chuckrams to the State. But a man who owns over 1000 acres of lands in the above tracts enjoys all the amenities available to his tax-paying brother but at the same time escapes assessment for the reason that the Income Tax Act does not apply.

MR. P. SIVARAMA PILLAI: May I know, does he not pay something to some body?

MR. PUTHUPALLI S. KRISHNA PILLAI: If the land belongs to the Jenmi, he pays something by way of rent. But that is not a payment to Government. Income tax affects only people who get more than Rs. 2,000 by way of income. It does not affect an ordinary man who owns one acre of land which is tax free. The main argument on which the present bill is based is that if a man gets more income from his land, why not such a man be asked to contribute something to the general revenues of the State like the Pandarapattom land owner?

MR. P. KUNJUKRISHNAN: Then, may I know, what will be his position when that person pays professional tax?

MR. PUTHUPALLI S. KRISHNA PILLAI: The point for consideration is what does he contribute to the general revenues of the State? What is the *quid pro quo* for the services he gets from the State?

MR. M. SIVATHANU PILLAI: May I know, which kind of tax will the person prefer to pay, land tax or the income tax?

MR. PUTHUPALLI S. KRISHNA PILLAI: It is not a question of preferring to pay anything by way of tax. Tax is something which the Government will demand.

MR. M. SIVATHANU PILLAI: My point is which tax will be easier for them to pay?

MR. PUTHUPALLI S. KRISHNA PILLAI: If the lands are assessed and the persons are compelled to pay in accordance with the proposals adopted during the last Settlement the proposals now put forward will be more advantageous. The cultivator who owns small acres of lands will not be taxed. It is only the rich man who will be asked to pay.

MR. M. SIVATHANU PILLAI: Does the honourable member think that there are many from whom such tax could be collected?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. PUTHUPALLI S. KRISHNA PILLAI: This amendment bill will affect persons who own hundreds of acres and not the small owners of tax free lands.

MR. M. SIVATHANU PILLAI: May I know how such persons were left out from being taxed even though they were owning more than hundreds of acres?

MR. PUTHUPALLI S. KRISHNA PILLAI: Due to historical reasons, such a state of affairs was brought about. I will be provoking controversy if I am asked to go into the historical reasons of those circumstances. I presume every honourable member knows about the facts which have led up to this state of affairs. I assume that every member of this House knows the general condition of the country.

MR. DOMINIC JOSEPH: May I know the particular classes of land which are not now assessed by Government?

MR. PUTHUPALLI S. KRISHNA PILLAI: Jenmom lands and Edavagai lands, these I think are the main groups under which they fall. In the case of Jenmom lands the tenants pay some sort of income to Government. Government levy a Rajabhogam. Even such lands are not taken into consideration. But there are thousands of acres of land in respect of which no tax, not even a pie, is given to Government. It is only such lands and persons who are in possession of such lands that are now called upon to pay income tax to Government.

MR. C. JEBAMONY NADAR: Then why not impose a land tax on such lands also?

MR. PUTHUPALLI S. KRISHNA PILLAI: This House has accepted the principle that a man should be taxed not on the extent of his possession but to the extent of his income. This House had occasion to discuss the matter. As a matter of fact, one honourable member advocated and the majority of the members supported the principle that we must do away with the present system of levying tax on lands and impose it on his income.

MR. M. SIVATHANU PILLAI: But has that been accepted and acted upon by Government?

MR. PUTHUPALLI S. KRISHNA PILLAI: I am now speaking about a principle which appeals to the members of the House.

MR. C. JEBAMONY NADAR: What justification is there then to thus differentiate between agricultural holdings in the State?

MR. PUTHUPALLI S. KRISHNA PILLAI: This an amendment to the Income Tax Act which seeks to assess people who are earning income above a certain amount. This is an Act for the purpose of imposing tax on persons who are getting large income. That is all the difference between the income tax and land tax.

MR. K. P. KOCHUKORA THARAKAN: ഏതു തരത്തിലായാലും ഇങ്ങനെയുള്ള ഇൻകംടാക്സുകാരൻ അവസാനത്തിൽ അതുടെ തലയിലാണ് കൊള്ളുന്നത്?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. PUTHUPALLI S. KRISHNA PILLAI: That is the case with all tax. We levy customs duty at the frontier. Who is it that is affected ultimately? It is the man who buys the article. It will go to affect people who have nothing to do with it. That is generally the case with the incidence of all taxes. The man who buys is the man who ultimately pays it. There is no doubt about it.

MR. K. P. KOCHUKORA THARAKAN: ഭൂനികുതി ജന്മി കൊടുക്കുകയും ഇൻകം ടാക്സ് കൂടിയാനവനാർ കൊടുക്കുകയും ചെയ്യുവാനല്ലേ ഇടയുള്ളൂ?

MR. PUTHUPALLI S. KRISHNA PILLAI: The man who derives income from his land must be the man who pays. There are men who have no permanent occupancy right on these lands. They make enormous profits out of these lands. They are asked to pay only out of the income from those lands. In my opinion a man who gets Rs. 2,000 as income from land must be deemed to be making enormous income. A man who gets Rs. 200 or 175 a month out of land is really a rich man. It is only in that sense that I used the word enormous.

MR. DOMINIC JOSEPH: Does not the man who holds lands in the Edavaga and pays tax to the Edavaga Chief correspond to the man who pays land tax to Government?

MR. PUTHUPALLI S. KRISHNA PILLAI: No, it does not. Does it go to the Government Treasury? Government can administer the State and give amenities to the people only if it has money.

MR. DOMINIC JOSEPH: Is not the land tax payable to the Edavaga Chief fixed by Government by the Edavagai Act?

MR. PUTHUPALLI S. KRISHNA PILLAI: Yes, so that there may not be any cutting of throats between one tenant and another.

MR. KAINIKKARA M. PADMANABHA PILLAI: Are there not two persons in such cases deriving income from the same plot of land?

MR. PUTHUPALLI S. KRISHNA PILLAI: Yes.

MR. KAINIKKARA M. PADMANABHA PILLAI: Should not both of them pay?

MR. PUTHUPALLI S. KRISHNA PILLAI: No.

MR. KAINIKKARA M. PADMANABHA PILLAI: Then who should pay?

MR. PUTHUPALLI S. KRISHNA PILLAI: The man who gets the profit.

MR. KAINIKKARA M. PADMANABHA PILLAI: Is it to be paid by the owner or the tenant?

MR. PUTHUPALLI S. KRISHNA PILLAI: Tax has to be paid on the income derived from the land.

MR. KAINIKKARA M. PADMANABHA PILLAI: May I know whether the Chief is getting more or less after the passing of the Edavagai Act?

MR. PUTHUPALLI S. KRISHNA PILLAI: Anyhow they are owed something.

MR. KAINIKKARA M. PADMANABHA PILLAI: Is the Edavagai Bill more in favour of the tenant or the Chief?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. PUTHUPALLI S. KRISHNA PILLAI: It is in favour of the tenant. No doubt, no legislation can be one-sided. Some provisions are in favour of the tenant and others in favour of the Chief.

MR. KAINIKKARA M. PADMANABHA PILLAI: Is the Edavagai Chief better off or worse after the passing off the Edavagai Act?

MR. PUTHUPALLI S. KRISHNA PILLAI: Some of them look much better.

MR. KOTTALIL P. ABRAHAM: May I know the probable income that the Government will derive by the passing of this legislation?

MR. PUTHUPALLI S. KRISHNA PILLAI: There may not be much. But Government are fighting for a principle.

MR. M. SIVATHANU PILLAI: What is the objection to proceed on the excess profits basis?

MR. PUTHUPALLI S. KRISHNA PILLAI: It could not be done on account of historical reasons.

MR. M. SIVATHANU PILLAI: Why not do it now?

MR. PUTHUPALLI S. KRISHNA PILLAI: We have to respect old agreements and customs. This aspect does not refer to the question of imposition of land tax on properties. What Government have said is only that they will not impose any land tax. But any person who derives income of more than Rs. 2,000 will come under the purview of the Bill.

MR. KAINIKKARA M. PADMANABHA PILLAI: So, are the Government to keep their word and break in the meaning of it?

MR. PUTHUPALLI S. KRISHNA PILLAI: By a definition of the Income Tax Act only those persons whose income come to Rs. 2,000 are proposed to be included within the purview of the Bill.

MR. KAINIKKARA M. PADMANABHA PILLAI: So are we to take it that the definition should be given its full meaning?

MR. PUTHUPALLI S. KRISHNA PILLAI: Yes.

MR. KAINIKKARA M. PADMANABHA PILLAI: Then does it not go against the old historical reason?

MR. PUTHUPALLI S. KRISHNA PILLAI: The Act does not provide for it. The Edavagai or the Jenmi Kudiyan Act does not provide for the imposition of land tax as such.

MR. KAINIKKARA M. PADMANABHA PILLAI: Why not the Legal Remembrancer make appropriate amendments in those Acts?

MR. PUTHUPALLI S. KRISHNA PILLAI: It is for convenience. Then a large class of poor tenants in Travancore will be compelled to contribute to the general revenue of the State. I have no objection to that proposal. The incidence of taxation must be distributed amongst all alike. Does the honourable member agree to that?

MR. M. SIVATHANU PILLAI: May I know why when introducing the Income Tax Bill this was omitted?

MR. PUTHUPALLI S. KRISHNA PILLAI: Every legislation will be amended when the time comes.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. K. P. KOCHUKORA THARAKAN: എന്നാൽ പിന്നെ എന്തുകൊണ്ട് രണ്ടായിരം രൂപാ എന്നതിനു പകരം ആയിരം രൂപ എന്നാക്കുന്നില്ല?

MR. PUTHUPALLI S. KRISHNA PILLAI: അതുകൊണ്ടാണ്, സാധുക്കളെ ഈ നിയമം ബാധിക്കുകയില്ല എന്നു ഞാൻ പറഞ്ഞതു്.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Is not income tax paid at present by the Edapally Chief on the income they obtain in the shape of Edavagai dues?

MR. PUTHUPALLI S. KRISHNA PILLAI: Yes.

MR. S. KRISHNA AIYAR: In the original Bill of 1096 were not these ideas embodied which were subsequently amended by the Select Committee?

MR. PUTHUPALLI S. KRISHNA PILLAI: There is such an unfortunate history about these lands.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Was this aspect of the question considered by the High Court in the Income Tax Revision Cases?

MR. PUTHUPALLI S. KRISHNA PILLAI: They were considered. Though the principle underlying this Bill and that underlying the British Indian Act is different, there is some comparison between the British Indian Act and the Travancore Act. Now we are going to make our law on a par with the British Indian Enactment.

PRESIDENT: The House will now adjourn to meet again tomorrow at 11 O' clock.

The House adjourned at 5. 5 P. M.

Trivandrum,
4th December 1941.

V. S. ARUMUKHOM PILLAI,
Secretary to the Sri Mulam Assembly.

LIBRARY ARCHIVES Kerala Legislative Assembly